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FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC 8002  
INFO RUEHAC/AMEMBASSY ASUNCION 5586  
RUEHBO/AMEMBASSY BOGOTA 2851  
RUEHBR/AMEMBASSY BRASILIA 6723  
RUEHBW/AMEMBASSY BUENOS AIRES 3935  
RUEHCV/AMEMBASSY CARACAS 1295  
RUEHPE/AMEMBASSY LIMA 1194  
RUEHME/AMEMBASSY MEXICO 1649  
RUEHMN/AMEMBASSY MONTEVIDEO 3550  
RUEHQD/AMEMBASSY QUITO 3933  
RUEHSG/AMEMBASSY SANTIAGO 8449  
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC  
RUEAYVF/FAA MIAMI ARTCC MIAMI FL  
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

UNCLAS LA PAZ 000324

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STATE FOR EB/TRA JHORWITZ AND EB/TRA/OTP BMATTINGLEY  
STATE ALSO FOR WHA/AND LPETRONI  
STATE PASS TO FAA MIAMI FOR LHART  
STATE PASS TO DOT FOR CCOLDREN  
COMMERCE FOR JANGLIN

E.O. 12958: N/A

TAGS: EAIR ELAB ECON BL

SUBJECT: LLOYD PILOTS ON STRIKE, NO RESOLUTION IN SIGHT

**¶1.** (U) Members of Lloyd Aero Boliviano's pilots' association declared an indefinite strike February 2, demanding that the airline honor its estimated \$10 million pension obligations and reinstate 15 recently fired colleagues. The strike grounded all domestic flights and limited international operations, leaving thousands of passengers stranded and costing the airline hundreds of thousands of dollars.

**¶2.** (U) Pilots' association representatives met Ministry of Labor officials over the weekend, several times calling on President Evo Morales to intervene to resolve the dispute. Morales responded by asking pilots and company executives to discuss their differences, but neither side has been willing to negotiate. La Paz station manager Paola McKenzie reported February 7 that no resolution was in sight, declaring pilots' demands outrageous and suggesting that the strike is a thinly veiled attempt to force the GOB to take over management control of the airline.

**¶3.** (SBU) Comment: This may be a significant test for President Morales, particularly given pilots' increasingly loud calls for the GOB to reassert control over an enterprise whose performance has disappointed since its 1997 capitalization (or partial privatization). Vice President Alvaro Garcia Linera, who has been involved in discussions between pilots and Ministry of Labor officials, said publicly that this was a good example of why privatization of state-owned companies is bad for Bolivia. While pilots and airline executives stubbornly refuse to talk, Bolivia's flag carrier limps along, and Morales finds himself trying to decide how to respond. His decision may ultimately have implications for the GOB's relationship to other formerly state-owned enterprises. End comment.

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